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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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W-02192A-10-0404

APPLICATION OF LITTLE PARK WATER
COMPANY, INC., AN ARIZONA
CORPORATION, FOR AUTHORITY TO
REINSTATE AN ARSENIC HOOK-UP FEE
TARIFF.

DOCKET NO. W-02192A-10-

**APPLICATION TO REINSTATE
ARSENIC HOOK-UP FEE TARIFF**

LITTLE PARK WATER COMPANY, INC.

As more fully set forth below, Little Park Water Company, Inc. ("Little Park") hereby
applies for authority to reinstate an Arsenic Hook-up Fee Tariff previously authorized by the
Commission.

I. COMPANY DESCRIPTION

Little Park is a public service corporation engaged in providing water services in Yavapai
County pursuant to a certificate of public convenience and necessity granted by the Arizona
Corporation Commission (the "Commission") to Little Park. Little Park presently provides
utility service to 72 water customers.

II. PRINCIPAL OFFICE

Little Park's principal business office is located at 45 Castle Rock Road, Suite 4, Sedona,
Arizona 86351, and its telephone number is (928) 284-1133.

III. Authorized Representative

The person authorized to receive notices and communications regarding this application
is:

Stevan Gudovic, President
Little Park Water Company
45 Castle Rock Rd., Ste. 4
Sedona, AZ 86351
Telephone: (928) 284-1133
Facsimile: (928) 284-1974
sgudovic@bigparkwater.com

Arizona Corporation Commission
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1 All discovery, data requests, and other requests for information concerning this
2 Application should be directed to Mr. Gudovic, with a copy to undersigned counsel.

3 **IV. BACKGROUND**

4 In Decision No. 67886, dated June 1, 2005, the Commission authorized Little Park to
5 collect an Arsenic Hook-up Fee (based on the size of the meter requested) from all customers
6 requesting service at a new service location.

7 On May 24, 2007, Little Park filed with the Commission an Application for Extension of
8 Certificate of Convenience and Necessity to provide water utility service in Yavapai County,
9 Arizona, to two new customers: Verde Valley School and Camp Soaring Eagle. On March 20,
10 2008, the Commission issued an Order Preliminary to Little Park for extension of its CC&N
11 area. The Order Preliminary required Little Park to construct Arsenic Treatment Facilities for
12 Little Park's two existing wells by June 30, 2009. These facilities were completed in March
13 2009, at a cost of \$267,091.11.

14 On April 3, 2008, the Commission approved Little Park's Line Extension Agreement
15 ("LXA") with the Verde Valley School, including an Arsenic Hook-up Fee of \$68,000, which
16 has been paid. On June 3, 2008, the Commission approved a LXA between Little Park and
17 Camp Soaring Eagle, which included an Arsenic Hook-up Fee of \$234,300 to be paid by Camp
18 Soaring Eagle to Little Park. On June 23, 2009, in Decision No. 71172, the Commission
19 approved a reduction of Camp Soaring Eagle's Arsenic Hook-up Fee to \$118,800.

20 Little Park expected to be able to fund construction of the Arsenic Treatment Facilities
21 with the funds received from the Verde Valley School, the expected \$118,800 payment from
22 Camp Soaring Eagle, and internally generated funds. Based on these expectations, Little Park
23 obtained a bridge loan from its corporate parent, Big Park Water Company, which it expected to
24 largely repay when it received the Camp Soaring Eagle payment. Little Park also applied to
25 discontinue its previously authorized Arsenic Hook-up Fee. The Commission approved Little
26 Park's request in Decision No. 71132, dated June 30, 2009.

27 Unfortunately, despite its diligent efforts, Little Park has been unable to collect any funds
28 from Camp Soaring Eagle. Little Park's understanding is that the Camp Soaring Eagle project
29 has now been cancelled.

30 Because Camp Soaring Eagle did not fulfill its obligation under the LXA, Little Park
31 cannot repay its loan from Big Park. To obtain funds to repay the loan, Little Park applied on

1 September 27, 2010, in Docket No. W-02192A-10-0395, for authority to incur \$140,000 in new
2 long-term debt.

3 **V. REQUESTED RELIEF - REINSTATE ARSENIC HOOK-UP FEE**

4 To reduce the future rate impact of the new investment in the Arsenic Treatment
5 Facilities and to generate additional funds to repay the long-term debt, Little Park asks in this
6 application to reinstate its Arsenic Hook-up Fees at the levels approved in Decision No. 67886.
7 Exhibit A to this application is a copy of Little Park's previously approved Arsenic Hook-up Fee
8 Tariff.

9 Respectfully submitted on October 4, 2010, by:

10
11
12 /s/ Craig A. Marks
13 Craig A. Marks
14 Craig A. Marks, PLC
15 10645 N. Tatum Blvd
16 Suite 200-676
17 Phoenix, Arizona 85028
18 (480) 367-1956
19 Craig.Marks@azbar.org
20 Attorney for Little Park Water Company
21

22 **Original** and 13 copies filed
23 on October 4, 2010, with:

24
25 Docket Control
26 Arizona Corporation Commission
27 1200 West Washington
28 Phoenix, Arizona 85007
29
30

31
32 By: /s/ Craig A. Marks
33 Craig A. Marks

Exhibit A

TARIFF SCHEDULE

UTILITY: Little Park Water Company, Inc.
DOCKET NO.: W-02192A-05-0275

DECISION NO. 67886
EFFECTIVE DATE: June 1, 2005

ARSENIC IMPACT HOOK-UP FEE TARIFF

I. Purpose and Applicability

The purpose of the Arsenic Impact Hook-up Fee Tariff payable to Little Park Water Company, Inc. ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing water treatment plant facilities to treat and remove arsenic. These charges are applicable to all new service connections established after the effective date of the tariff. The charges are one-time charges and are payable as a condition to the Company's establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting, this tariff schedule.

"Applicant" means any party entering into an agreement with the Company for the installation of water facilities to serve new service connections.

"Arsenic Treatment Facilities" means treatment equipment and related appurtenances necessary for the removal of arsenic through treatment of water to meet the 10 parts per billion ("ppb") arsenic standards.

"Company" means Little Park Water Company, Inc., an Arizona corporation.

"Main Extension Agreement" means any agreement whereby an applicant agrees to advance the costs of the installation of water facilities to the Company to serve new service connections, or install water facilities to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission's Utilities Division (same as line extension agreement).

"Service Connection" means and includes all service connections for residential, commercial, industrial, or other uses, regardless of meter size.

III. Arsenic Impact Hook-up Fee Tariff Charges

Each new service connection shall pay the Arsenic Impact Hook-up Fee Tariff derived from the following table:

ARSENIC IMPACT HOOK-UP FEE TARIFF TABLE		
Meter Size	Meter Factor	Fee
5/8" x 3/4"	1	\$1,650
3/4"	1.2	\$1,980
1"	2	\$3,300
1-1/2"	4	\$6,600
2"	6.4	\$10,560
3"	12	\$19,800
4"	20	\$33,000
6" or larger	40	\$66,000

IV. Terms and Conditions

- (A) Assessment of One Time Arsenic Impact Hook-up Fee Tariff Charge: The Arsenic Impact Hook-up Fee Tariff may be assessed only once per service connection, or lot within a platted subdivision (similar to service line and meter installation charges). However, this provision does not exempt from the tariff, any newly created parcel(s) which are the result of further subdivision of a lot or land parcel and which do not have a service connection.
- (B) Use of Arsenic Impact Hook-up Fee Tariff: Arsenic Impact Hook-up Fee Tariff may only be used to pay for capital items of arsenic treatment facilities (including engineering and design costs for such facilities), or for repayment of loans obtained for installation of arsenic treatment facilities. Arsenic Impact Hook-up Fee Tariff shall not be used for expenses, maintenance, or operational purposes.
- (C) Time of Payment:
- (1) In the event that the Applicant is required to enter into a main extension agreement, whereby the Applicant agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406(B), payment of the charges required hereunder shall be made by the Applicant within 15 calendar days after receipt of

notification from the Company that the Utilities Division of the Commission has approved the main extension agreement in accordance with R-14-2-406(M).

- (2) In the event the Applicant is not required to enter into a main extension agreement, the charges hereunder shall be due and payable at the time the service line and meter installation charge is due and payable.
- (D) Failure to Pay Charges, Delinquent Payments: Under no circumstances will the Company set a meter or otherwise allow service to be established if the Applicant has not paid in full all charges as provided by this tariff.
- (E) Arsenic Impact Hook-up Fee Tariff Non-refundable: The amounts collected by the Company pursuant to the tariff shall be non-refundable advances in aid of construction.
- (F) Use of Charges Received: All funds collected by the Company pursuant to the tariff shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of arsenic treatment facilities (including engineering and design costs for such facilities), including repayment of loans obtained for the installation of arsenic treatment facilities that will benefit the entire water system.
- (G) Arsenic Impact Hook-up Fee Tariff in Addition to Other Charges: The tariff shall be in addition to any costs associated with a main extension agreement for on-site facilities, and are in addition to the amounts to be advanced pursuant to charges authorized under other sections of this tariff.
- (H) Disposition of Excess Funds: After all necessary funds are collected to pay for all Arizona Department of Environmental Quality required arsenic treatment facilities or the tariff has been terminated by order of the Commission, any funds not necessary to pay for arsenic treatment facilities remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.